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# **Transgressing North-South divide: Foxconn Production Regimes in China and the Czech Republic**

## **Abstract**

In Europe, as elsewhere in the global North, the label ‘Made in China’ has become synonymous with low wages, excessive overtime and exploitative working conditions. Conventional literature on international division of labor reifies the North-South divide in particular with respect to class formation and labor agency. Contrasting of working conditions in China to those in Europe sets these up as opposite in their managerial practices and treatment of the workforce. This paper challenges such dualism and makes visible the commonalities of contemporary global capitalism. It does so by examining Foxconn’s production regimes in China and the Czech Republic and identifying a specific set of interventions on the part of the firm that enable its global organisation of production. In indicating which practices Foxconn imported from China and which are an outcome of existing local institutions, the article challenges the Chinese political economy literature that posits the ‘Chinese model’ as warranted when production is globally organised.

**Keywords:** Foxconn production regime, ‘Chinese model’, state, migration, labor

## **Introduction**

One of the intriguing debates in current political economy is about the role of “Chinese model” in enriching perspectives of global governance, hegemonic power, capital accumulation strategies and international division of labor (Chin, Pearson and Yong, 2013; Hung, 2008). The Chinese political economy literature highlights a unique role of the Chinese state under the initiative of “One Belt One Road” in absorbing crisis of global capital accumulation (Ferchen, 2013; Zhongying and Wang, 2013). Our study diverges from the extant literature in two ways: in contrast to the macro analysis of global economic governance, we examine Foxconn’s production regimes so as to zoom into the interplay between the macro structure and localized process. Secondly, by paying attention both to the political economy and localized configuration, and hence to how Foxconn as a giant transnational corporation operates in China and elsewhere (see also Fassenfest, 2018), we move beyond the viewpoint that China’s model of economic development is unique or specific to China. We ask: by comparing China and the Czech Republic, a post-socialist country, through the lens of Foxconn production, what commonalities and differences can we observe in relation to their development paths?

Global capital accumulation and transnational production highlight a shifting paradigm in understanding contemporary production regimes, which requires a new theorization to conceptualize the multiple scale of capital accumulation linking up multi-site production regimes in the world (Cartier, 2018; Gonzalez-Vicente, 2017). Economic globalization has commonly been regarded as a process of homogenization that begins in established industrial regions of the global North and extends to peripheral areas in the global South (Dicken 2015; Ohmae, 1994). In the studies undertaken by labor advocates, practitioners and NGOs, it is multinational corporations that are seen as driving down factory labor conditions (Pun, Tse and Ng, 2018). China, and in particular the label ‘Made in China’, have become synonymous with low wages,

excessive overtime, and exploitative working conditions (Pun 2016). One of the most prominent examples of this trend is Foxconn, a Taiwanese-owned largest electronic manufacturer in the world. Its Chinese factories assembling iPhones for Apple, have come into spotlight for excessive overtime work, unhealthy and unsafe working conditions, use of student-labor, militarised disciplinary regime, and workers' suicides (Pun and Chan, 2012; Pun et al., 2014). The arrival of Chinese multinational companies to Europe has raised fears that these firms are 'a beachhead from which China will spread its own labor model into Europe' (Meunier, 2012: 8), a model aimed at undoing full employment, driving down wages and weakening the trade unions.

Contrasting of working conditions in China to those in Europe establishes two distinct parts of the world, imagined as divided and opposite in their managerial practices and treatment of the workforce. We suggest that such a way of framing of contemporary labor regimes is highly problematic. Firstly, it tends to highlight a unique "Chinese model" in the process of capitalist development; secondly, it simplifies the power relations and actors involved in forming of those labor regimes; and thirdly, it hides the extent to which the state and trade unions are, in both locations, partaking in this process. An analysis that proceeds by established oppositional topographies fails to capture the complexity of processes that permit capital's expansion and accumulation globally and veils the common characteristics of capital and related labor regimes in Europe and China. So far, scholars working within the tradition of international division of labor have provided important insights on the power relations that accompany the relocation of production from the North to the South (Elson and Pearson, 1981; Mezzadri, 2017; Salzinger, 2003). A notable exception is the study of Japan's lean production model of automotive industry which transplanted from Japan to the North America in the 1980s (Milkman, 1992). We propose to examine the opposite movement of capital, namely that from Asia to Europe. Such a shift makes visible the extent to which capitalist development is contingent upon capital-labor

relations and the ways in which a close investigation of these relations reveals common aspects of global capitalism (Smith, 2017).

In order to articulate this shifting paradigm, we draw on Mezzadra and Neilson's (2013) concept of 'multiplication of labor'. 'Multiplication of labor' illustrates modalities through which capital is expanding and the ways in which the politics of labor is shifting. It offers an alternative perspective to that of the international division of labor that sees the world divided into the Northern 'core' capitalist nations and peripheral Southern regions where cheap labor is located and put to work. In working with the notion of multiplication of labor, our aim is to show the limitations of a conceptualisation of global north/south division of labour, and the related hierarchies of work conditions and differences in unionisation. Instead we aim to illustrate the parallels in labour conditions in global south and global north and hence show commonalities of contemporary global capitalism while at the same time paying attention to the specificity of local labor regimes. Mezzadra and Neilson identify three key dimensions to multiplication of labor. Diversification to indicate the expansion of capital and creation of new kinds of production; heterogenisation to illustrate the varied workforce as well as legal and social regimes that organise labor; and intensification to refer to the ways in which non-work sphere is increasingly colonised by capital. We address these processes in our discussion of migration and segmentation of the workforce, the role of state in backing capital expansion, and use of dormitory labor regimes in China and Czech Republic respectively.

## **Research Methods**

Foxconn currently has more than 200 subsidiaries around the world. Due to severe competitions in securing the orders from its main customers such as Apple and HP, working outside of China enables Foxconn's customers to be located closer to their end markets, get quicker turnaround on orders, reduce transportation costs and avoid import taxes. This article draws on the original

ethnographic fieldwork conducted in China and the Czech Republic between 2010 and 2016. In China, research began in 2010 with interviews of workers, student interns and managers in nine cities mainly in coastal China where Foxconn factories are concentrated: Shenzhen, Shanghai, Kunshan, Hangzhou, Nanjing, Tianjin, Langfang, Taiyuan and Wuhan. Further investigation was conducted in three Foxconn plants in the central and southwestern provinces into which Foxconn was expanding in the search for new sources of low cost labor following government's *Go West* initiative: Chongqing, Chengdu and Zhengzhou. The data on Foxconn in China consists of 2400 questionnaires and more than 500 interviews with former and current Foxconn's workers, student-laborers and managers gathered by the University Research Group on Foxconn and the Hong Kong-based labor campaign group SACOM (Students and Scholars against Corporate Misbehaviour). The survey findings and interviews provided the basic composition of the workers, management practices, workplace conditions and trade union practices.

Czech Republic is Foxconn's manufacturing headquarters for the EMEA (Europe, the Middle East and Africa) region. Acquired in 2000, Czech subsidiary is Foxconn's first and most important European plant and its main client is Hewlett-Packard (HP). We began research in the Czech Republic in 2012 by interviewing former and current Foxconn's blue- and white-collar workers and managers, as well as key informants in public institutions such as ministries of labor, trade unions, labor inspectorates, and local job centres. A total of 70 in-depth interviews supplied information about the firm's work and employment practices, the social composition of the workforce and workers' labor mobility, and the impact of trade unions. It is worth noting that the research in the Czech Republic is part of a larger study on Foxconn's operations in Europe (Turkey, Slovakia and Hungary). The combined insights into workers' experiences, modes of management and the role of the institutions provides a picture of similarities and differences of work and employment practices in China and the Czech Republic.

## Capital meets State

The rapid expansion of transnational capital took place on a global scale in the context of the failure of communist regimes and the U-turn to a neo-liberal world in the 1980s. Foxconn, as the largest electronic manufacturer in the world, has undergone this historical transformation and is able to create multiple scale of capital accumulation linking up multi-site production regimes in different parts of the world. Foxconn's expansion was enabled, as we illustrate in this section, by various forms of state support.

Foxconn is the trade name of Hon Hai Precision Industry Company which set up in Taiwan in February 1974. The name Foxconn alludes to the corporation's ability to produce electronics products at 'fox-like' speed in order to increase its productivity and the surplus of value. Foxconn tapped in the reform period into mainland China's preferential policies on foreign direct investment (FDI) in special economic zones, especially Shenzhen. In 1980, Shenzhen became the engine of China's export economy and the first special economic zone opened to overseas Chinese and foreign investments. Here in 1988 Foxconn located its first processing plant *Haiyang* ("The Ocean"). It began with a workforce of 150 migrants from rural Guangdong, including 100 young women workers. The Chinese state facilitated Foxconn's expansion from Shenzhen to western China where the cost of labor is between a quarter and a third lower than in Shenzhen and the Yangzi River Delta. This is the case for Chongqing where Foxconn erected a sole base for assembling HP products. Chongqing government built a factory compound and workers' dormitories in order to subsidize Foxconn investment. In order to facilitate and direct the expansion of capital, the state controls the level of legal minimum wage and its differential distribution across China's various provinces. Today, Foxconn runs 32 assembly plants in China and commands a workforce of over 1 million, mostly rural migrants (Pun and Chan, 2012).

Foxconn's expansion in mainland China is the actual realization of the multiple scale of global production regimes by which lead brands are able to outsource manufacturing of their products to contract manufacturers, commonly located in low-cost Asian countries. Through mergers and concentration of production, Foxconn was able to eliminate waste associated with storage of excessive stock and establish a demand-responsive, just-in-time production for export. Expanding within China does not fit the company's global strategy to meet quick demand for products from lead brands. As part of its geographical diversification, in 2000 Foxconn set up a number of plants in Eastern Europe in order to shorten its supply chain and be closer to its Western European consumers.

Actively negotiating with the local institutions in the Czech Republic, Foxconn acquired two factories, an old-field in Pardubice in 2000 and a greenfield in Kutna Hora in 2007. Taking advantage of regional competitive advantage factors such as low labor costs, skilled labor, proximity to the Western European market and the pre-existing infrastructure (Bormann and Plank 2010; Radosevic, 2004), Foxconn was able to avoid the European Union's (EU) high tariff barriers, as for example the 14 per cent import duty on LCD TVs and to label their products as 'Made in the EU'. Both the national and local Czech governments offered incentives to Foxconn. The national government granted Foxconn €58 million in state aid from 2007 to 2013 (Čaněk, 2016: 98), and a 10-year tax break from 2000 to 2010 (Evertiq, 2007). CzechInvest, the investment and business development agency of the Czech's Ministry of Industry and Trade, assisted Foxconn's managing director Jim Chang to find the most suitable location for the set-up of the manufacturing plant.

In the Czech Republic, like in China, Foxconn's expansion is backed by what Drahokoupil (2008) calls 'investment-promotion machines', namely neo-liberal pro-growth coalitions composed of national, regional and local state actors (Drahokoupil, 2008: 206). In short, the focus on state-capital alliance shows the process of diversification intended as



expansion of capital and creation of new production sites. The support of the state that Foxconn received at the national level and its tapping into internal competition at the local level, enabled Foxconn to diversify. Its expansion is largely supported and facilitated by the state in term of tax-free policies, provision of land and infrastructure, and lowering production costs. Foxconn's organisation and optimisation of production among different zones and regions is, we suggest, its key competitive advantage.

### **Flexible Labor Use: Recruitment and Migration**

One of the striking commonalities between Foxconn factories in the Czech Republic and China is the flexible use of labor. Suppressing labor costs and speeding up production for a just-in-time consumer market are the requirements of Foxconn's survival and expansion strategies in global capital accumulation regardless where it locates its production facilities. Despite the fact that the scale of labor use is much smaller in the Czech Republic than in China, the majority of flexible labor use in both locations is dependent on either internal or external migrant workers. In this section we focus on 'heterogenisation' to illustrate the growing heterogeneity of the workforce as well as of the legal and social regimes that organise labor.

While initially composed solely of directly employed Czech workers, over time Foxconn's workforce in the Czech Republic diversified considerably. There are several reasons for this. Firstly, from the outset Foxconn experienced difficulty to recruit and retain local workers. This is due to the nature of assembly line production, as well as the irregularity of shifts, compulsory overtime, low wages and weak trade union representation. Shortage of local workers forced Foxconn to recruit workers abroad via Temporary Working Agencies (TWAs). This resulted in a set up workforce is composed 60 per cent of directly employed and 40 per cent of agency workers. Secondly, following EU integration, workers from Eastern Europe have been enjoying the right to move and take up work anywhere in the EU. Workers' previous experiences

of EU-wide labour migration, knowledge of the EU labour market and social networks led them to view their job at Foxconn as temporary (Andrijasevic and Sacchetto, 2016a). In that workers would leave as soon as a better opportunity presented itself elsewhere in the EU, Foxconn continuously needed to look for new pools of labour. By using TWAs, Foxconn was able to first recruit young workers from Slovakia and Poland and later workers well into their 50s and 60s from Romania and Bulgaria. Thirdly, Foxconn segmented its workforce to reduce the labour costs and contractual responsibilities of direct employment, respond to the high seasonal fluctuation of orders and lessen the polarisation of profit between brand names and assemblers. The vertical disintegration between brand names and assemblers results in low margins with intense pressure on costs, especially labour costs, for contract manufacturers.

Workforce segmentation is hierarchically organised based on nationality. At the top there are British senior managers and Czech middle managers. Czechs and a small number of Slovaks core workers occupy the best positions as foreman, supervisor and group leaders while agency workers work on assembly lines in unqualified tasks. There is also a small group of non-EU nationals who are core workers (Mongolians, Ukrainians and Vietnamese) who work in assembly line as repair, computer technicians or foremen. To summarize, in the Czech Republic the organization of the workforce is heterogeneous but hierarchical which in turn results in differentiated level of hourly pay and working and living conditions. It is also worth noting that using agencies to recruit foreign workers on short-term contracts is alien to Foxconn in China which, as we see below, deploys student interns to the same end.

By comparison, Foxconn in mainland China relies entirely on the use of young rural migrant workforce originating from all over China. In time of labor shortage, posters and fliers are placed on lamp posts, footbridges and display boards around the factory areas to entice people to work at Foxconn. Males or females, aged 16 or above, who have completed middle school or vocational training schools, and in good physical and mental health conditions, are

eligible to apply. With the loosening control over *hukou* (household registration system) and labor mobility since 1980s, the migrant laborers were able to move either within their own province, or outside their own region. Foxconn recruits mostly these migrant youths, 16 and 29 years old, to run the assembly lines. These are the workers who, since the 1980s, have replaced the old urban-based state sector workers as the core of the new Chinese working class (Pun, 2016). The high proportion of circa 85 per cent of young frontline workers has enabled Foxconn to command great physical dexterity, super speed, and long working hours in its factories. It also enabled Foxconn to expand the size of its factories through the promise of better life for this rural youth. For example, the plant in Chongqing expanded from 30,000 employees in 2013 to 60,000 in 2017. In an employee orientation talk in Chongqing and Chengdu, the Foxconn instructor said: “Hurry toward your finest dreams, pursue a magnificent life. At Foxconn, you can expand your knowledge and accumulate experience”.

Unlike the agency practice in the Czech Republic, in China all staff and frontline workers are directly employed by Foxconn, apart from student interns. The use of students from vocational schools, who make up 15 per cent of the total workforce during peak production months in certain plants, assures flexibility and cuts costs. Students’ work is considered internship, so they are paid less than the minimum wage and are not protected by labour laws (Smith and Chan, 2015). Except student interns, all migrant workers signed labor contracts directly with Foxconn, usually for one to three years, though in different subsidiaries or branches. Local governments provided various administrative and financial supports in recruiting laborers, either through providing assistance via labour bureaus to recruit workers or by facilitating vocational colleges to send in student interns to work for Foxconn. In the Czech Republic, the support from the local government is not as comprehensive or institutionalised as in China. Governmental regulations do however shape and promote the existing labor regime at Foxconn plants. For example, since 2012 Czech government barred TWAs from hiring non-EU workers.

This made employing non-EU nationals more difficult and created an increased administrative burden for employers as not non-EU nationals must be hired directly by employers. This has significantly reduced the number of directly employed Mongolian and Vietnamese workers at Foxconn and increased the number of temporary EU agency workers. The Czech state supports the TWAs and hence the segmentation of labor through its lax requirements that make it relatively easy to set up a TWA. According to the representative of the Ministry of Labor, one needs to be at least 23 years old, without a criminal record, have three or five years of working experience and obtain a permit issued by the Ministry. There is no need for an initial capital investment, only the payment of a 50,000 CZK administrative fee (€2000).

The picture that emerges from this analysis of Foxconn plants in the Czech Republic and China is that of a highly differentiated and hierarchically organized workforce whose flexibility is driven by the needs of the production process and facilitated by the neo-liberal state policies. In both China and the Czech Republic, the recruitment system that relies heavily on migrant workers permitted Foxconn to get access to just-in-time workers needed for its fluctuating production. The mobility patterns of labour are in both locations strongly influenced by the local institutions (Cheng et al., 2014). Hence, while using agencies to recruit workers on short-term contracts is alien to Foxconn in China, the latter deploys student interns to the same end of lowering labour costs and achieving flexible labour use.

### **Workplace Culture and Labor Process**

The speed of Foxconn's expansion in China and around the globe is extraordinary and it creates a corporate mythology. On entering the gate of Foxconn, Chinese workers immediately understand that they are part of CEO Terry Gou's industrial army. Gou has a collection of quotations on the work philosophy that managers and workers are required to learn:

Successful people find a way, unsuccessful people find excuses.

Growth thy name is suffering.

A harsh environment is a good thing.

Obey, obey, and absolutely obey!

Execution is the integration of speed, accuracy and precision.

When Foxconn management attempted to plant the seeds of corporate mythology in the Czech factory, they were not successful because of the social and cultural context that sets the limits to which this work philosophy can be implemented. A retired female worker from the Czech factory puts it like this:

“In Shenzhen in China the practice is different. Foxconn tried to set up something similar here. Managers are expecting us to be grateful for what we have and to give up our lives for them. But here it just does not work like that.”

While the global network of plants enables Foxconn to simplify and optimize production and continuously balance inventories with demand, the management needs to deal both with the specificity of cultural, legal and institutional arrangements in each location and the specificity and diversity of labor.

In Chongqing, Foxconn management organizes labor processes through a centralized hierarchical system in which production lines are administered by departments directly responsible to their business units, business divisions, and ultimately business groups. The 13-level Foxconn management hierarchy is organized in a pyramid with clear lines of command. Senior leaders, all of them from Taiwan formulate the corporate development strategy and set annual revenue and profit goals. Middle management comprised of university graduates and most of them urban, devises implementation plans and delegates responsibility. Production workers, the majority of who are rural migrants in combination with a small proportion of urban

lower classes, are subjected to supervision to complete the assigned work. Within the workshop, production operators and student interns face multiple layers of management from assistant line leaders, line leaders, team leaders and supervisors.

While Foxconn in the Czech Republic follows the similar structure as in China, albeit with fewer and less strict levels of hierarchy, its mode of management is much more complicated and diversified. Similar to its Chinese counterparts, the workforce operates in departments (i.e. units) rigidly divided by brand (i.e. customer). Unlike Foxconn in China, due to the multiplicity of nationalities and languages spoken by the workers, Foxconn in the Czech Republic is dependent on a relative decentralizing way of management. Consequently, it relies on more diversified sources of power and control over labor. Directly employed workers (mostly Czechs and a handful of Slovaks, Mongolians, and Vietnamese) and agency workers (Slovaks, Poles, Romanian and Bulgarians) do not share the same employer. Hence they have different wages, rights and benefits. For core workers monthly wage is circa € 600-700 and for agency workers about € 480-550 per month. Compared to the net wage average in the Czech Republic in 2017 of € 950-1010 and the minimum wage of €423 (Czech Statistical Office, 2017; Mysíková, 2012), Foxconn workers earn less than the nationwide average but significantly above the minimum wage.

Core and agency workers follow different working shifts. Core workers work three 12-hour shifts, both day and night, per week. They are managed through an 'hour-bank' system established by collective agreement, which required workers to work a total of 930 hours over six months. The hour-bank system is used to organise shifts, and has both a regulatory function with regard to the workforce (workers are rotated on the basis of the number of hours they worked) and a cost reduction function, as all hours are paid at the same flat rate (Andrijasevic and Sacchetto, 2017). Agency workers are on an initial contract of 300 hours during which workers were not paid full wages but were given an advance of 1 000 Kč (€40) per week. They

also work 12-hour day and night shifts but their shifts are highly irregular: during peak season they might work five or more shifts a week, while during low season they might have two shifts a week and work less than 12 hours per shift. Despite the pressure this system puts on the workers, migrants commonly complain about not working enough as their shifts are intermittent and characterized by long rest periods.

As workers rarely share the same language, it is technology that facilitates the cooperation among workers on the assembly line. Instructions on how to perform various tasks are displayed on the monitors above the various positions – in this way workers without knowledge of Czech language can perform their tasks and maintain the performance targets. If a worker makes a mistake, it is detected quickly through the integrated CCTV circuit. Pressure, fines and segmentation are reasons for the mistrust and lack of communication between the workers. Language barriers contribute strongly to this division, amplify the boredom of operations, and produce a feeling of isolation among workers. Yet, while differed in mode of management, workers at both Czech and Chinese plants experienced the same intensity of control over work speed: “Every day I’m hurried along faster and faster, rushing towards each and every rising quota. There’s nowhere for my mind to rest. Every month I’ve to shift my work from day to night, and vice versa. This is a tough working life,” commented a Chongqing worker.

In Foxconn in China, management and control over workers are more unified and straightforward (Feng, 2017). When a worker is recruited, a normal package of training including military drill, corporate ethos, personal behavior and safety will be provided. Every employee is given the Foxconn’s Employee Handbook that lists more than one hundred regulations and fines. Any behavior that violates production discipline is subjected to penalties. Punishments include warnings, demerits and dismissal. A line leader explained that every worker must present a good, clean and well-disciplined image to company clients: “No sleeping, no conversing, no laughing” is the number one factory rule.

A normal work shift is 10 hours, from 8am to 6pm for day shift, and from 8pm to 6am for night shift. During busy seasons, a working day lasts 12 hours, which includes four hours of imposed overtime. Foxconn adopts a so-called ‘rationalization’ policy of work time and pay. It signed an agreement with workers calling for voluntary overtime to allow the company to coordinate overtime. Foxconn defends its policy of overtime work as ‘voluntary’: according to the management, either an employee chooses to work overtime or not. Workers always consent to do ‘some’ overtime work, keenly aware that their basic incomes “are very low; hardly enough for personal use,” an interviewed worker said. After the suicides, the production workers in Chongqing and elsewhere had a substantial wage and earned between 2500 RMB (€308) and 3000 RMB (€370) per month, which is above the minimum wage (€235 or 1800 RMB in 2017). As wages are linked to the region, in Shenzhen wages can be up to €500, almost equal to agency workers’ wage in the Czech Republic. For low to mid-ranged manager or a technician, the month payment was between 4000 Yuan (€493) and 5000 Yuan (€617) per month. These workers were aware that their wage increase was a result of workers’ ‘jumping’ (i.e. committing suicide): “No jump, no pay increase”, said a frontline worker in Foxconn.

As we can see from the comparison of work regime in Foxconn plants in China and the Czech Republic [insert Table 1], diversification of production requires management to also diversify its labor regime. Hence, depending on the composition of the workforce and the local institutional setting, Foxconn adopted more unified management practices in China in contrast to differentiated labor management strategies in the Czech Republic. In the latter location the firm diversified its management practices in order to front the heterogeneity of the workforce and simultaneously guarantee flexibility.

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### **Organization of Reproduction: Dormitory Labor**



The dormitory labor regime is typical of Foxconn production facilities in both countries. While the aim of dormitories is to compress the workplace and living space, facilitate just-in-time production and extend management's control over labour outside the workplace, dormitories in China and the Czech Republic differ in form, size and scale. Since its first set-up in China in 1988, Foxconn has housed the majority of its workforce in collective dormitories. In China dormitories are part of a larger complex that incorporates the factory, the dormitories, and a number of basic facilities such as beauty-parlours, eateries, and internet shops. The arrangement of factories and dormitories on the same campus allows the fast and flexible organization of production as well as compulsory overtime, as workers are always within management's reach. Dormitories are used as accommodation for both workers and managers. Managers are provided with different types of accommodation from workers depending on their seniority level. Mid ranged managers are most likely to share an apartment between two and four persons, while the production workers share between six to twelve persons. From workers' perspective, dormitories provide inexpensive housing close to their employment as they only pay 110 Yuan (€18) each month.

Dormitories are often overcrowded and living conditions are poor. In Chongqing, the local government provided Foxconn with several 18-story dormitory buildings which got filled with bunk beds, accommodating as many as a hundred people in a single floor. "The toilets and shower rooms were a big mess," a worker recalled. Night-shift workers sleep during the day, while day-shift workers are at work. Group fighting, thefts, and other personal security problems arose in this pressure-cooker atmosphere. Security officers monitor the dormitory gate around the clock and if needed they inspect each and every floor. Male and female workers are forbidden from visiting each another's rooms. The concept of Foxconn is that of total control – not only are workers barred from cooking in the name of fire safety, but they also are not allowed to wash clothes as this get done through the centralised factory cleaning service to save water and

energy.. Managers stress the importance of maintaining discipline in order to guarantee productivity. As a dormitory facility manager said, “We need to protect the workers, especially women workers from hanging out and make sure they return to their dorm rooms before midnight.” This manager further emphasized that workers living in the over-crowded dorms should learn how to get along with each other as this is part of collective life inside Foxconn. In the dormitories, discipline, cooperation and obedience were the rule that without exception governed workers lives.

Housing arrangements in the Czech Republic are again more complicated and diversified. Czech workers are local residents and live in houses and flats in villages or cities close to the factories. Migrant workers, on the other hand, are housed in different dormitories based on their nationality and the TWA they work for. As early as 2001, Foxconn tried to build its own dormitories but gave up because of local opposition. The solution was to pass the responsibility for the dormitories onto the TWAs, which arranged the hire of individual hotels, army barracks or former factory lodgings to house the workers. There are several dormitories in Pardubice, none of them within the walking distance from the factory. The management system of dormitories is relatively standardized.

Allocation of workers in the dormitory and their distribution into rooms is managed by the TWAs. Agencies pay up to Kč 3000 (€150) for accommodation per worker per month in the dormitories. Four workers per room is standard, but the availability of en suite bathroom and kitchenette differs radically from dormitory to dormitory. Unlike in China, living spaces are shared between men and women and in some dormitories there are no separate showers and toilets for men and women who, all 70 of them per one floor, use the same limited facilities. Control over workers lies with agencies and private labour supply firms. While less obsessive than in China, it is continuous, and aims to suppress behaviours that the firm considers dangerous (such as smoking in the rooms), or that can decrease productivity (such as excessive drinking) or

camaraderie (hosting friends). The problems that coordinators deal mostly with are conflicts between workers of different nationalities, especially regarding alcohol – which is not tolerated but it widely consumed– and prostitution occasionally.

Foxconn's labour regime hinges on the use of collective workers dormitories. By studying the dormitory labor in both countries, we note capital's similar tendency to colonize the entire life of laboring subjects. As no children are permitted in the dormitories and thus no disruptions caused by schooling or parenting needs, the dormitories place workers outside the regular cycles of the reproductive sphere and orientate all activities towards meeting production needs. The dormitory labor regime, previously assumed to be a unique feature of Foxconn's Chinese factories (Pun and Smith, 2007), is also an essential element of firm's workforce management practices at its other plants. Dormitory labour regime, we suggest, is to be read as a trans-local spatial "fix" that is enabling capital to reorganise and expand. Dormitories are an efficient spatial strategy that has transformed socialist China into the 'workshop of the world' and is expediting the Czech Republic's integration into global production circuits. As such, dormitory labor regime is an example of the importation of a labor model from China into the Czech Republic. However, it is important to note that this is not a model that is implemented in all Foxconn's overseas subsidiaries (see for e.g. in Turkey) but only in those that deploy large numbers of migrant workers (Andrijasevic and Sacchetto, 2016). Management practices that a firm adopts in its subsidiaries are not uniform or just management-driven but contingent on the composition of the workforce.

Finally, while capital might appear to have an all-encompassing control over migrant labor, the paradox is that dormitories are places of socialization and exchange of information between workers about working conditions and wages elsewhere. In the Czech Republic case, many migrants previously worked in another EU country and, by relying on the TWAs and dormitories they move and find work relatively easily. In China, dormitories are pivotal for

building of potential worker unity and resistance. Dormitory labor arrangement have considerably contributed to the transformed industrial urban space facilitated the formation of the new working class and its organized struggles in China.

## **The Power of Labor**

In this final section we discuss the power of labor and we address trade unions, organized protests as well as individual forms of exit. We see that in China there is a "strong state" but more labor resistance, while in Czech Republic there is a relatively "weak state" and the presence of a democratic labor union and yet less labor actions and protest. We explain this paradox by highlighting different forms of capital-labor relations.

The similarity between Foxconn's plants in China and the Czech Republic is weak trade unions. In China this is due to the fact that the All-China Federation of Trade Unions (ACFTU) was marginalized in the course of market reforms. The ACFTU lost about 17 million members between 1997 and 2000, a time when numerous state workers were laid-off and large numbers of small and medium state-owned enterprises got privatized, restructured or bankrupted (Traub-Merz, 2012). The Chinese state and the union bureaucracy then targeted large foreign-invested enterprises to unionize. Consequently unions got set up in 92 per cent of Fortune 500 companies operating in China, including Foxconn (Liu, 2011). By 2017, ACFTU had a total membership of 302 million of who 46 per cent (i.e. 139 million) were rural migrant workers.<sup>3</sup> The total membership numbers in China surpass the International Trade Union Confederation global membership of 176 million workers in 156 countries and territories excluding China.<sup>4</sup> Despite the robust Chinese union membership statistics, what these fail to reveal is that China's enterprise unions are, as Anita Chan put it "an integral part of factory management" (2011: 42). In fact, workers do not enjoy freedom of association and there is no right to strike. An occurring

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<sup>3</sup> See <http://acftu.people.com.cn/n1/2017/0410/c197470-29200210.html>

<sup>4</sup> International Trade Union Confederation. 2013. "Address Book." <http://www.ituc-csi.org/?page=abook>

phenomena in China, perhaps best exemplified by the strikes at Honda's Nanhai plant in 2010, is the breaking away of workers from the state affiliated union and the formation of a more autonomous base of workers' power (Friedman, 2014; Hui and Chan, 2015).

When it comes to the Czech Republic, de-unionisation across Central and Eastern Europe is to be viewed in the context of the transition from state socialism to market economy, EU integration and large FDIs that heavily shaped institutional transformation (Bandelj 2008; Meardi, 2007). Post 1989, the Czech Republic experienced a decrease of union membership and lessening of collective bargaining coverage. The main trade union authority is the Czech-Moravian Confederation of Trade Unions (ČMKOS) and its mode of operating is a quite unchanged 'old style' based on the experience of state socialism (Myant, 2010). Since the 1990s, ČMKOS' union membership dropped dramatically and today is about 10 per cent, the number that includes also inactive members such as pensioners. As part of EU integration, the Czech Republic deregulated its labor legislation with consequent worsening of social standards (Meardi, 2007). One of these standards is, as the representative of ČMKOS explained, the pressure on the Czech Republic to uniform its maximum working week (48 hours) to that of other Western European countries (56 hours). Unions are involved at national level and have to be consulted on minimum wage, bonus wage and on working conditions. Collective bargain is mainly at firm-level, while government set the minimum wage every year. Due to the decentralised bargaining system and union's integration in the social dialogue structure at the national level, local company-based union branches are rather acquiescent and in some cases rather close to management's interests (Myant, 2010; Bormann and Plank, 2010).

The commonality of interests between management and union, in the case of Foxconn in China, severely undermines the capacity of enterprise union to represent the workers (Pringle, 2011). Firstly, like many other foreign-invested enterprises Foxconn evaded its basic responsibilities under Chinese law to set up a trade union and did so only in 2006 when a British

newspaper exposed ‘iPod sweatshop’ conditions at its Longhua factory in Shenzhen.<sup>5</sup> However, even after setting it up, any independence on the union from the management was undermined by the fact that the union has been chaired by Foxconn CEO Terry Gou’s special personal assistant, Chen Peng. Secondly, Foxconn union organization mirrors the company hierarchy from the assembly lines, business units, and business groups, to the corporate administrative level. Workers repeatedly told us that the human resources department *is* the trade union. Their response conveyed a profound truth about the subordination of the union to the company. Li Xiaoxiang a 17-year-old worker said, “The union often organizes day trips, hiking, fishing, singing, dancing, basketball tournaments, and partner matching parties on Valentine’s Day. These could help workers relax to some extent. However, we’re exhausted from work.” He added, “I’d say the union doesn’t act according to workers’ needs; rather the activities are based on company needs.” Most workers perceive the union as either ‘untrustworthy’ or ‘useless’ when it comes to negotiations over wages and benefits, work-injury compensation, employment contract terms and labor dispute settlements. If workers are in distress, they seek assistance from their own friends and families, non-governmental labor rights groups and other supporters.

In the Czech Republic, while the trade unions especially in the electronics sector are weak, they are not one and the same with the management. When Foxconn got established in the Czech Republic, it did so by acquiring of the Tesla Group, a former socialist conglomerate. Consequently, Foxconn inherited the former Tesla trade union, part of the Metalworkers Union (KOVO). Despite early substitution strategy when management tried to replace the union with the human resources department, the union managed to survive. Yet, union stewards are not allowed to actively recruit new members within the plant: they are prohibited from walking around the factory hall and telling others about the work of the trade union. Management weakened the union also through its strategy to deploy agency workers. Not only are agency

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<sup>5</sup> Reporters without Borders. 4 September 2006. “Foxconn Drops Lawsuit Against Two *China Business News* Journalists.” <http://en.rsfs.org/china-foxconn-drops-lawsuit-against-two-04-09-2006,18691.html>

workers not able to join the trade union but the segmentation of workforce into directly employed and agency workers is creating tensions and mistrust among workers. At the same time, the union is not much interested in the EU migrant workers, largely because they do not speak Czech and their turnover is rather high. Consequently, the overwhelming majority of union's 300 members are core Czech workers.

Segmentation of the labor market creates tensions within the workplace that are amplified by management's hierarchical allocation of tasks on the basis of nationality. This in turn prevents workers from finding significant convergences of struggle. When protests and/or disruptions occur, and this is still rare, these remain separated along lines of nationality such as the refusal to meet the set targets by the Vietnamese workers or a protest at the Kutna Hora plant by Czech core workers over unpaid yearly bonuses. With punitive management, weak and disinterested unions, foreign and agency workers are left to react to exploitative working situation through individual 'exit'. As a large part of the workers had previous working experience abroad, at times in several countries, they are able to compare wages, hourly standards and quotas of production. Workers see these different experiences in terms of one job at the time and as isolated opportunities in various countries that are as yet to generate strong collective bonds between workers (Andrijasevic and Sacchetto, 2016b).

In China the situation is different and marked by various autonomous workers protests demanding labor rights, protections, benefits and their share of the value they create. With companies like Foxconn building subsidiaries and relocating production from coastal to interior regions, new worker grievances are growing in these locations and valuable activist experiences are disseminated from one workplace to another. Migrant labor protests are no longer confined to southern coastal China as in the early years of reform. The tightly integrated global production regime has provided workers with an opportunity to demonstrate their collective strength. Their actions take multiple forms including slowdown, industrial sabotage, group fighting, mass

suicide threats, road blockages, strikes and riots, to name a few forms of protests (Pun, 2016). From the sunbelt Pearl River region in Guangdong to fast-expanding manufacturing centers in Chongqing, Chengdu, Taiyuan, Zhengzhou and Wuhan, Foxconn workers have been engaging in workplace conflict and collective action.

## **Conclusion**

This article uses Foxconn as the case study to examine the multiple scales of global capital accumulation and its concrete configuration of production at specific spatial fix, which is enabling capital to reorganise and expand. We show that, contrary to expectations that labor conditions and work regimes would diverge based on the factories' respective placement in the global South and the global North, there are remarkable parallels in labour conditions and management practices. In comparing Foxconn production regimes in China and the Czech Republic, we identify a specific set of interventions on the part of the firm that have enabled its global organisation of production. We additionally identify which practices Foxconn imported from China and which are an outcome of existing local institutions. In doing so we illustrate the role of the state and the trade union in enabling firm's expansion and in upholding exploitative work regimes.

In making visible the political economic and labour regimes commonalities in China and the Czech Republic, this article challenges the Chinese political economy literature that posits the 'Chinese model' as warranted for globally organised production. The article also makes a critical contribution to the literature on labor and global political economy by problematizing the North-South divide, in particular with respect to class formation and labor agency. In showing the ways in which firms actively adjust their work regimes to respond to the heterogeneity of labour relation and to the non-institutionalised forms of workers agency, we posit migrant labour as a determinant, rather than an 'object', of capital's expansion and restructuring.



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